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DOI warns of fraudulent insurance billing scheme

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FRANKFORT, Ky -- The Kentucky Department of Insurance, through its Insurance Fraud Investigation Division, is warning of a fraudulent insurance billing scheme currently being seen in the Commonwealth.

According to J. Joseph Cohen, director of the fraud division, similar schemes have been identified in past years, many centered in Florida.

The scheme generally involves bogus health care claims but recently has expanded into property and casualty insurance lines such as workers compensation.

The ploy generally involves the use of improperly obtained patient lists and “drop boxes” such as a PO Box. Bogus bills are sent to insurance companies, charging for treatments never received by patients and using a fictitious doctor’s name and address. The bills are usually for an amount that seems in line with the procedure and small enough to escape intense scrutiny. Cohen said runners usually collect the insurance company checks from the drop boxes.

The Department is warning insurance companies to be extra vigilant in reviewing bills, particularly those listing doctors in Florida. Consumers should review all explanation of benefits (EOBs) from insurance companies to be sure they have received all the treatments listed.

Errors on EOBs should be reported to the appropriate insurance company immediately. For more information or to report possible fraud cases, contact DOI at 800-595-6053.